

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7094

BILL NUMBER: HB 1241

NOTE PREPARED: Jan 11, 2010

BILL AMENDED:

SUBJECT: Aircraft Registration Without Paying Use Tax.

FIRST AUTHOR: Rep. Van Haaften

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill permits the registration of an aircraft without the payment of the state use tax if: (1) the aircraft was registered in another state as of January 1, 2010, and the sales or use tax, if any, was paid to the registration state; and (2) the aircraft is registered in Indiana on or before December 31, 2010, and the registration fee and excise tax are paid for 2010.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Department of State Revenue (DOR):* It is estimated that the DOR will be able to implement this provision with its existing level of resources.

Explanation of State Revenues: This bill creates a window of six months where an owner of an aircraft that is located in another state may register in Indiana without paying the difference in the Sales tax paid to that state and the Indiana Use tax rate. Currently, when an aircraft is registered in the state of Indiana, the owner gets a credit for the Sales tax paid to another state and would have to pay any difference in Use tax. The owner would also have to pay the registration fee and aircraft excise tax.

This bill could decrease Use Tax revenue on these transactions and increase aircraft registration fees, aircraft license excise taxes, and sales tax on fuel purchased by these aircraft by an indeterminable amount. The impact would depend on the number of aircraft that are relocated during this six-month window.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Aircraft License Excise Tax is distributed to the county where the aircraft is located.

State Agencies Affected: DOR.

Local Agencies Affected: Counties.

Information Sources:

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